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as his intention is concerned, is almost always innocent. If therefore the court should undertake to free the victim of the fraud from its effects, the injury would be thrown on the perpetrator, who, being innocent, would suffer as much wrong as the victim would have suffered if nothing had been perpetrated. Even when the transaction involves contract relations, it is impossible to stipulate in such a way as to neglect the effect of depreciation. When the attempt is made to do this, the different ways to calculate the ratios of depreciation give rise to many contradictory decisions among the courts and arbitrators. In addition to these, the encouragement that debased money gives to hoarding up coins for anticipated profit, soon leaves nothing but paper in circulation; this produces a check in trade and commerce, and the result is the same as having no currency at all, for the real money is withheld; the channels of circulation are thus obstructed and a general business crisis is the inevitable result. The disastrous effects of war on the currency of a country were shown not only in our country during the late Civil War, but also in Russia during the Crimean, and in France during the Franco-German War. In fact, the history of Europe and our own country abounds with examples of the sufferings of the people from the scourge of a depreciated paper currency; and the issue of such currency is seldom caused by anything else than the profuse expenditure incurred by war.

Owing to the social palsy produced by war, the exportation of the billigerent constantly diminishes, while its importation is increased by the demand for arms, ammunition, etc.; the result is an adverse balance of trade, in consequence of which, there is a proportionate efflux of specie. This immediately causes a rise of the rate of interest on loanable capital, and the foreign trader always seeking to borrow where money is cheapest, resorts to a place where there is a low rate of interest; and the financial business with foreign traders is thus driven out from the commercial centres of the country at war. It is for this reason that the European Continental trade, which, according to Prof. Jevons, was in great part carried on in Paris, Berlin, Vienna and Hamburg has been, on account of the Prusso-Austrian and Franco-Prussian War, entirely transferred to London.

Furthermore, the anxiety felt by the creditor and the general distrust felt by the trading classes hinder business transactions, and very often cause a panic in the money market. Thus, in the early part of the Civil War, though the balance of trade was favorable to this country, yet a disastrous panic occurred on the exchange in New York, because the American creditor, finding himself in the midst of a dangerous political crisis, suddenly became eager to receive all that was due to him, and became anxious to forestall the payment of the debt due to him from the foreign debtor. He drew his bills and forced them on the market; but as the sellers out-numbered the

buyers, the competition of the former to undersell each other was so keen, that a general panic ensued.

It sometimes happens, as it did in France and Russia, during the late wars, that all the regular financial organizations for bringing the resources of the country into use for the accomplishment of all public purposes, are wanting. The government then authorizes the commanders of the army to resort to impressment. Prof. Sumner states that from the ancient empires down to modern Russia, the impressment for transportation has been one of the most oppressive burdens and most vexatious abuses under which people have suffered. How annoying this method is, was shown in our own country during the Revolution, when committees were appointed to impress any articles of economic use for the soldiers, and teams and wagons for transporting cannon and provisions.

In fine, the wanton destruction and depredations committed by a ravaging soldiery, the fields laid waste in marching, and the consequent loss of crop to the farmer, help to swell the immense waste of economy in time of war. The loss of crops caused by the trampling of 200,000 men on the fields of Gettysburg, was perhaps not made good until a decade after.

It is only by enlightening the people and their legislators on this subject so as to enable them to realize the enormous wastes of war and the consequent retardation of economic progress, that the settlement of all international disputes will be submitted to an impartial tribunal. And then, in the words of the prophet Isaiah, "They shall beat their swords into plowshares, and their spears into pruning hooks; nation shall not lift up sword against nation, neither shall they learn war any more."

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THE ECONOMIC WASTE OF WAR.

BY B. F. ARNOLD.

Second Prize.

The ultimate end of life is unity. It follows then that the processes of life must lead to the harmonizing of all relations of life. Consequently whatever the immediate result may be, if it is found that war tends to oppose and derange and destroy those relations of human life that are necessary to the normal development of society, it may then be shown that the chief economic waste of war may not be seen only in the destruction and misuse of life, property and wealth, but as great or a greater loss of energy may result from its effects upon the moral character of society.

Hence there are two general divisions in the discussion of this subject: First, the direct economic waste of war, caused by the destruction and misuse of life and property. Second, the indirect waste, resulting from the loss and misuse of energy caused by the effect of war upon the moral life. But since active war is now considered an abnormal state of society, greater clearness will be gained

by considering the first division, the direct economic waste of war, under two distinct heads: viz., the cost of maintaining an "armed peace," and secondly, the cost of carrying on active warfare.

First, then, the cost of maintaining an "armed peace." It is a well known fact that, in the governments of all civilized nations the largest item of expense in times of peace is the support of the army and navy. It is, perhaps, useless to quote statistics because they vary with different authors, and yet they agree as to the essential fact; viz., that the expense of war is the chief burden that governments have to bear.

According to the Statesmen's Year Book of 1893, about one-fifth of the total expenses borne by the Government of England during the past few years, was for the direct support of the army and navy. During the year 1891, which is fairly representative of the last decade, out of over one hundred fifty-eight and one-half million pounds, that issued from the exchequer of England, nearly thirty-one and one-half millions went to the support of the army and navy. This exceeded the expenses of the civil service, including the cost of collecting the revenue, by about two million pounds. This same budget, however, allotted less than one-third as much to education, art and science all together, as it expended upon the standing army and navy. Frederick Passy makes the proportion still greater. He says that governments expend from two-thirds to three-fourths for works of death and about one-fourth for works of life.

England does not stand alone in this great economic waste of wealth. The ordinary expenditures of the United States in 1893 were about four hundred sixty-one million dollars. Of this amount about eighty millions went to the establishment and maintenance of the army and navy. In 1892 the proportion was somewhat greater, being more than one-fifth of the total ordinary expenses of the United States government. The general tendency of the past, however, has been to increase the ratio between the total expenses and those of the army and navy. In France also about one-fifth of the ordinary expenses sustained by the national government are made for the support of the army and navy. But this proportion does not hold true in Germany. Here the item of war constitutes the chief burden of taxation. The estimated budget of 1893 shows that nearly one-half the total expenses of the German government was accredited to the support of the army and navy. Notwithstanding this appalling state of affairs, Germany found that if she would be able to cope with the war force of France she must increase the strength of her army. Consequently during the past six months a bill was introduced in the "Reichstag" providing for the desired increase of the German army at an additional cost of about \$20,000,000. The bill was accepted: and now by law Germany must wring this enormous sum from her toiling subjects who are already

heavily burdened by taxation, and how will she do it?

The question that Germany has to meet is scarcely less difficult than the problem that baffles many civilized nations of to-day. It looks as though it were an established custom with nations of highest rank to end their fiscal year with a large deficit. What is the cause of these deficits? It is the enormous sums expended upon armies and navies and other warlike preparations.

Every one of these nations has more articles of production of some sort than it can consume or dispose of profitably. But the great yearly deficit that stares many nations in the face is not because of a lack of wealth or inability to produce enough to meet the demands of consumption. *The real cause lies in the fact that the people have not their hearts* in the objects for which the great amount of governmental expenses are made. They do not see the need of those great armaments, and they are becoming wise; there is no need of them. Not one true patriot of any civilized nation of Europe, or of any other country, is made a better citizen or a nobler or happier being because the boundary lines of his and neighboring nations bristle and gleam with shining deadly steel. Not a single nation on this mundane sphere was ever taught the first principles of ethics by that floating, firebreathing volcano, that monster war-ship, which hovered about its shores and threatened it with utter destruction on the slightest provocation. Men are not taught in that way.

But if a nation is interested in the objects for which it owes a debt, no matter how hard it may be to bear, they will find some way to provide for its payment. The French people, for instance, paid without much difficulty the enormous indemnity of about \$1,000,000,000, demanded by Germany at the close of the Franco-Prussian War. The only reason they did it so easily was because they thought that the life-blood of their nation was worth it, and not that Germany had any particular right to demand the indemnity. It was a sacrifice for peace. But the subjects of European nations of to-day are beginning to learn the meaning of the phrase: "War is a game, that, were their subjects wise, kings would not play at." They are becoming unwilling to support these costly armaments. It has been well said that "European nations are beginning to droop and totter beneath the ever accumulating burden of military expenditure. Everywhere the statesmen are seeking with feverish anxiety for new sources of revenue, but everywhere the insatiable maw of armaments demands more and ever more millions."

What has been said of the enormous expenditures on the armaments of European nations is equally true of the Asiatic nations. In China, for example, "the chief expense of the government is the maintenance of the army." (Statesmen's Year Book, 1893.) The United States also is fast falling into and following out the course long pursued in Europe. Every year Congress orders the construction of one or more large war ships costing

from \$1,000,000 to \$3,000,000, and even more; e. g., in 1890, Congress ordered two large war vessels constructed at a cost of \$3,020,000, each. In addition to these a large number of torpedo boats and cruisers are constructed or refitted, every year. In maintaining a high grade navy this is unavoidably necessary. New inventions and discoveries render the very best vessels useless in a very short time. Even whole navies, the best in the world, have had to be reconstructed within a period of ten years. For example, England in 1878 had the best navy in the world. Ten years later the plea was made in parliament for a new navy because the old navy was rendered useless by new inventions. This is always a great expense and even governments are loath to meet it. This is especially true in the United States. When Congress orders the construction of war vessels it usually fails to make an appropriation to pay for them. This leaves the navy department in an embarrassed condition, and the secretary is compelled to make an urgent appeal to the succeeding Congress, for larger appropriations than usual. Perhaps this is the only way Congress can meet the issue squarely in the face of the people. The demand made by the secretary takes on the guise of a necessity. The people are thus deceived and they in turn approve of the action of Congress in granting the appropriations asked for, because they forget or ignore the real cause of the demand. The same is true of the war department in securing unusually large appropriations to meet its apparently growing necessities. For example, it may be thought that some new fortifications ought to be built. The consent to have them built is secured of one Congress and this makes it apparently obligatory on the next Congress to make an appropriation to pay off the debt incurred by the preceding one.

It is no wonder then that governments are exceedingly burdened in sustaining an "armed peace." Their steadily increasing national debts bear witness to the great waste of wealth caused by the maintenance of costly armaments. The growing unwillingness of the people to support these military armaments also bears witness to the uselessness of their purpose and existence.

But the expense of building up and supporting the armies and navies of the world is only a small part of the direct economic waste caused by war. It is true that the amount of money thus expended is almost incalculable. But when we consider the vast number of men taken away from productive employment and the enormous amount of natural energy, now under man's control, that is diverted from a productive use to an unnecessary and destructive one, we can then form some conception of what is lost to the world in supporting an "armed peace." If an accurate estimate could be made it would be found, no doubt, that the number of men engaged in getting out the raw material and in manufacturing and preparing it for the use of the army and navy, far exceeds the num-

ber of those belonging to the standing armies and marine corps of the civilized world. In this estimate the number of those must be included whose labor is necessary to produce the food and clothing of all who are engaged in military service of any kind, as well as of those whose labor is necessary for the more direct support and maintenance of the army and navy. The approximate number may be determined by inquiring what is the number thus required in active warfare. It has been said that it requires the labor of ten men thoroughly to equip and sustain one man in active military service. This includes the cost of fortifications and navies as well as every other expense that a government of modern civilization sustains in carrying on active military operations. It would not then be unreasonable to say that in time of peace it requires the labor of five men to provide with all necessary equipment, and to sustain one man in military service. Now if we take the United States as representing the lowest rate of military expenditures and Germany the highest, we can then get an average that will fairly represent the direct economic waste made by civilized nations in sustaining an "armed peace."

According to this estimate, which is at least low enough, the United States government is wasting one per cent. of all the productive power of the nation, while Germany wastes twenty per cent. of her productive power. To make direct application of these figures to all civilized nations would mean that the "armed peace" of the world represents an economic waste of over ten per cent. of the present productive power of all so called enlightened nations. This means that on the average the civilized world of to-day is wasting from at least five to ten per cent. of all that it *produces* from year to year. Is it any wonder that the people find it hard to meet the growing demands of their respective Governments!

This would be bearable if there was a rational excuse for the existence of these vast armies and navies that cause this enormous waste of the world's productive forces. But no rational explanation can be given, unless it be admitted that the principle that "might makes right" is rational. Men, however, will not admit this, else why do individuals no longer settle their differences by combat or duel? Men want to be governed by reason. It is more natural. What is the power of the head and heart of man for, if he does not direct his energies and arrange his relations by it! Peace will never be enduring until brotherhood prevails. As long as an "armed peace" is supported, the people of the earth will never be

"United in one common purpose,
Inspired by one common tie,
Like brothers advancing together,
Achieving a grand destiny."

But this has been the hope of the world, and the people are still looking forward to a unity of purpose and har-

mony of action, when all nations shall recognize the great economic waste in the present misdirected productive forces. This is coming. It is possible for civilization to-day.

If then the waste caused by supporting an "armed peace" is so enormous, what can be said of the loss sustained in actual warfare? But let us begin with the United States as an example. It has been at least the nominal policy of this nation to avoid war. And yet it would be safe to say that the actual cost of all the wars that have taken place within the boundaries of this nation, together with the value of property destroyed by them since the planting of the colonies, would amount to more than all the expenditures (excepting the civil war debt) of this government from its inception to the present day. Mr. Swinton makes a statement showing a still greater extravagance of warfare in the United States. He says: "The expenditures of the government during the last year of the (civil) war was more than the whole expenditure of the government, from the inauguration of Washington to the inauguration of Buchanan." (Swinton's Hist. U. S. p. 287.) Attention here need only be called to the fact that during this period of sixty-eight years the regular governmental expenditures were necessarily great.

But to ascertain the real cost of this whole war, a number of other items must also be taken into account. First, the amount of money expended by both parties to this war was almost fabulous. It is estimated at from six to ten billion dollars. But this is only a part of the incalculable amount of wealth that was wasted in blood and fire and smoke. The value of the property that was destroyed, directly or indirectly because of the war, and the value of all labor and other productive agencies that were engaged in the war must still be added. The amount of the last two items can never be known; but it would swell the total cost of the war thus far considered, to almost incredible proportions.

But still another addition must be made. Not only were vessels and cargoes destroyed and sunk to the bottom of the sea, but commercial interests of belligerents and neutrals were much interfered with and deranged. The leading ports of the South were kept in a state of blockade, so that the neutrals were debarred from all trade relations with the South except at the risk of being captured and of forfeiting their vessel and its cargo. This derangement of the commerce of the world with the South was a loss small or great to every leading nation. It affected England especially by re-acting upon her manufacturing industries. And whatever the resulting loss to England was and whatever the resulting loss caused by this war to the commerce of all other nations was, all must be added to the already fabulous cost of the civil war in the United States.

But the cost of this war is no greater than every century has witnessed in the history of civilized nations. To

compute their cost and the amount of property they destroyed, would be a hopeless task. Who would ever think of estimating the loss that Europe sustained in the French Revolution. The Hundred Years War between France and England not only exhausted the resources of the two nations, but the most flourishing fields of France were devastated, and whole provinces were turned into barren wildernesses. The many religious wars preceding the reformation drained all the coffers of Europe, and then it was finally agreed that religion was not a real or a just cause for war. The agreement, however, came too late to save the wealth of the middle ages.

There is another point of view from which the economic waste of war may be considered; viz., the effect of war upon the moral character of society. Since the moral life of a people is a process of growth, a development, the quality of which depends upon the ideals by which this growth is actuated, and since ideals are practically the source of the development of the moral life, the effect of war on the character of society may be traced by inquiring how it affects their ideals of life.

War appeals to man's lowest nature, and it does not call out his higher qualities. Men can not love their enemies and at the same time stand and shoot them down like wild beasts, or be the cause of mangling and tearing their bodies to shreds, or see them blown into vapor and dust without pity or compassion. Men thus accustomed to see and hear of great destruction of life and property only with feelings of gratitude for victory, and of sorrow for defeat, become careless in the use of their own energies, and wasteful and prodigal with the wealth over which they have control. This is perhaps more noticeable with men who become leaders. But the same principle affects nations. It has been true of the United States that the more wars the nation has been engaged in, the more carelessly it has accumulated a heavy national debt. It has likewise been true in England and other nations. England has always been more or less engaged in war. Her national debt has never ceased to increase. And so the world has become blinded to the economic use of life and wealth, and all forces that are used to create wealth. It seeks only for a great amount of wealth.

And thus war leads to the worship of power. It also fosters the spirit of chance. There is nothing more degrading to character, or more ruinous to the welfare of a people than a belief in chance or the practice of gambling. When men seek to get something for nothing they lose every sense of the economic use of forces and values. They cease to be actuated by any high ideals of life. The result is, they cease to be moral. And thus it is that war obliterates the higher ideals of life and tends to destroy the true relations of human society. And since an active directing intelligence is the greatest force known in the field of production, the destruction or misuse of this force would be the greatest economic waste that humanity could sustain.

War *tends* not only to a misuse of this directing intelligence but to destroy the force itself, so far as true relations of society are concerned. Is this great economic waste necessary? Let Longfellow answer:

"Were half the power that fills the world with terror,
Were half the wealth bestowed on camps and courts
Given to redeem the human mind from error,
There were no need of arsenals nor forts."

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